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SUBJECT: CHATTERING CLASS ON WHY PUTIN CAN'T FAIL

Classified By: Ambassador John R. Beyrle: Reasons 1.4 (b, d).

11. (C) Summary: Putin remains the linchpin of the Russian political system, with rumors over his return to the Kremlin or departure from the White House serving to keep all options open and everyone off balance. Despite disagreements over whether and why Putin might contemplate a "spring scenario" returning himself to the Kremlin, many political commentators point to the political imperative that Putin not fail, or be seen to fail, in responding to the economic crisis. With the legitimacy of the Russian state still concentrated in one man, and with Putin viewing himself as indispensable to Russia's stability, some fear that the financial crisis could reinforce Putin's instinct for control and trump Medvedev's nascent reform agenda. Anti-Americanism, stoked by the elite and inflamed by U.S. support for Georgia, will remain an easy foil during a time of economic pressure. While the Russian leadership is still waiting to gauge U.S.-Russian relations under a new administration, Putin's alleged desire for a central role could be a complicating factor. End Summary

Putin Keeps Political Class Off-Balance

12. (C) Six months after Medvedev's inauguration, Putin remains the linchpin in the Russian political system, sowing uncertainty about his future political intentions, but keeping all options open and all levers within ready reach of his White House office (or his Novo Ogoreva dacha, where he spends a chunk of his working day). With the immediate caveat that "no one really knows anything," veteran Kremlin watcher Ekho Moskvyy chief editor Aleksey Venediktov insisted to us that Putin is preparing a near-term return to the Kremlin, with Deputy PM Shuvalov already lining up his cabinet. Venediktov described being shown Putin's planning calendar, replete with foreign policy meetings not reflected on the Prime Minister's website, where the "fiction" is maintained that the Prime Minister has ceded foreign affairs to Medvedev. Venediktov argued that elections would be held as early as spring, before the worst of the economic crisis hit home in fall 2009, and pointed to Putin's take charge performance at the United Russia party conference as further proof that Medvedev's tenure in the Kremlin would be short.

13. (C) The rumor that Shuvalov is being positioned, or positioning himself, for prime ministerial duties is widespread, but opposite conclusions have been drawn about Putin's intentions. For observers such as NG Editor Konstantin Remchukov and Council for Defense and Security Chairman Karaganov, Putin is looking for a fall guy for the economic crisis, and sees Shuvalov and Kremlin economic adviser Dvorkovich as two likely candidates. (N.B. Finance Minister Kudrin is another possibility, whose imminent demise is periodically predicted, but his ties to Putin and international prestige probably protect him.) Remchukov attributed the sustained succession drama to the fact that Putin "can't find the right position" and not to any shortcomings in Medvedev, whom he insisted was coming into his own as President. Noting his surprise that Putin had settled upon becoming premier, despite the inherent risk in captaining the Russian economy, Karaganov joined Remchukov in arguing that what Putin sought was "father of the nation" status, and not a return to the Kremlin. The dilemma, according to Karaganov, was that Putin's main source of power

was his ability to return to the Kremlin at any time, whereas
-- if he lost his legitimacy in a prolonged economic crisis
-- he couldn't.

14. (C) For those who dismiss Medvedev's political relevance entirely, such as Russian Newsweek editor Misha Fishman, Russia has entered a "prolonged political crisis." After eight years of unrivaled economic good luck, Putin is mired in an economic crisis that exceeds his competency and for which he will not accept responsibility. In Fishman's view, the Medvedev reform agenda stalled with the August war, and was made irrelevant by an economic slump that has elicited greater state intervention (worldwide) and recourse to the "vertical of power." In a similar vein, but from the opposite end of Russia's political spectrum, the pro-Putin Political Class Editor Vitaliy Tretyakov spun the political dilemma facing Russia as the legacy of the western interference that dissuaded Putin from seeking a third term as President. Noting that the "spring scenario exists," Tretyakov preemptively mourned the hit to Putin's popularity if he were forced to return to the Kremlin and take over from a "weaker and weakening" Medvedev.

Putin Can't Fail

15. (C) These otherwise divergent analysts agree that the political imperative driving Russia's response to this economic crisis is that Putin not fail, or be seen to fail. Having subordinated Russia's nascent institutions to his vertical of power, Putin is the only "institution" that enjoys real legitimacy, personifying the repudiation of Russia's period of post-Soviet weakness, and epitomizing Russia's return as a global power with assertive regional ambitions. While the Kremlin is the traditional epicenter of Russian rule, President Medvedev's legitimacy is Putin-derived, and despite his high poll ratings, few here believe that Medvedev could survive in power without Putin's sanction. The legislature remains a rubber stamp body, where the Putin-chaired ruling party enjoys a constitutional majority but no independent power base. Beyond a cultural predilection for a "strong man" ruler, Russia's political class is pragmatically invested in Putin's success.

16. (C) The concern for our contacts in the westernizing camp is that Putin will choose a blunt, anti-West, and "fortress Russia" solution to the financial crisis, where xenophobia and "sovereign democracy" trump calls for systemic reform that is based on empowering and growing a middle class and implementing rule of law. Eurasia Foundation's Andrey Kortunov asserted that Putin saw himself as the "fearless fighter" on the frontlines of "a crisis he did not produce," battling "a tsunami" that threatens to destroy a system that he sincerely believes is best for Russia. Western critics, Kortunov suggested, are too quick to paint Putin as cynical. If Putin were cynical, he would return to the Kremlin, and hire and fire his way through a series of technocratic prime ministers (a la Yeltsin). Instead, Putin -- "like many autocrats" -- believes that he is "indispensable" and the "savior" of a system that can still work. Putin's mission, Kortunov postulated, is to "fix Russia" and in this scenario Medvedev is marginalized -- "the p.r. man."

Anti-Americanism an Easy Foil

17. (C) Liberals like Kortunov, Fishman, and former Duma Deputy Vladimir Ryzhkov agree with conservatives like Tretyakov that the "bitter frustration" among Russians generated by U.S. support for Georgia, along with the strong disposition to hold America responsible for the global meltdown (a stance stoked by the Russian leadership and reinforced by comments of some European leaders), makes America a natural scapegoat as the "real economy" stalls. Kortunov, who attended a recent brainstorming session on the future of U.S.-Russian relations hosted by Medvedev's thinktank, related that most argued against committing significant capital in restoring a partnership. Even for

those deeply invested in better relations with the U.S., Kortunov stressed, "Georgia was a breach of faith."

Comment

18. (C) While anti-Americanism remains an easy foil, our sense is that the Russian leadership is waiting to gauge the incoming U.S. administration and, potshots aside, has preserved the political and rhetorical space to engage more cooperatively. Managing the Putin-Medvedev power balance could become more complicated, however, with White House foreign policy adviser Ushakov telling Venediktov that U.S.-Russian relations will remain conflict-prone until Putin is put back at the center of the bilateral relationship. Even those with less investment in Putin's success than Ushakov, though, have told us how important it is that Putin not feel he is being sidelined as the Obama administration makes its initial contacts with the Russian leadership. As one oligarch close to Putin warned the Ambassador, "Putin is not our Vice President." End Comment

BEYRLE